

**BEFORE THE HEARINGS PANEL
FOR THE QUEENSTOWN LAKES PROPOSED DISTRICT PLAN**

IN THE MATTER of the Resource
Management Act 1991

AND

IN THE MATTER of Hearing Stream 13
– Queenstown Mapping
Annotations and
Rezoning Requests

**REPLY OF TIMOTHY JAMES HEATH
ON BEHALF OF QUEENSTOWN LAKES DISTRICT COUNCIL**

COMMERCIAL LAND REQUIREMENTS

6 October 2017

 **Simpson Grierson**
Barristers & Solicitors

S J Scott / H L Baillie
Telephone: +64-3-968 4018
Facsimile: +64-3-379 5023
Email: sarah.scott@simpsongrierson.com
PO Box 874
SOLICITORS
CHRISTCHURCH 8140

TABLE OF CONTENTS

1. INTRODUCTION..... 1

2. QUEENSTOWN LAKES DISTRICT RETAIL AND COMMERCIAL ZONED LAND AREA 1

3. FRANKTON NORTH 4

4. MCBRIDE STREET AND 1 HANSEN ROAD 6

APPENDIX 1: Recommendation in Ms K Banks' Reply regarding Frankton North

1. INTRODUCTION

1.1 My name is Timothy James Heath. I prepared a statement of evidence in chief on the Commercial Land Requirements, for the Queenstown Mapping Hearing Stream 13, and a summary of my evidence. My qualifications and experience are listed in my evidence in chief dated 24 May 2017.

1.2 The purpose of this Reply Evidence is to specifically respond to matters raised by the Panel during the course of the hearing. In particular, I will first provide responses to questions in relation to Table 3 in my evidence in chief and the occupied and vacant land area figures in that table. Second, I will outline my position on the merits of the Frankton North area, in particular addressing either Business Mixed Use Zone (**BMUZ**) or Local Shopping Centre Zone (**LSCZ**) in the areas shown on **Appendix 1** as dark red, from a retail economic perspective.

2. QUEENSTOWN LAKES DISTRICT RETAIL AND COMMERCIAL ZONED LAND AREA

2.1 The table below (**Table 3**) represents an updated Table 3 from my evidence in chief, with the only differences being a reclassification of the small LSCZ land areas of Sunshine Bay (0.2ha), Fernhill (0.1ha) and Frankton (2.9ha) in the Wakatipu Ward. The changes are highlighted in red font for ease of reference.

2.2 The total land areas of these centres remain unchanged, as does the total land areas for the two Wards and the total for the District. The only change is the minor reclassification of the relevant component of each of the three LSCZs from vacant to occupied.

UPDATED Table 3: QUEENSTOWN LAKES DISTRICT RETAIL AND COMMERCIAL ZONED LAND AREA

Proposed District Plan Zone Name	Wakatipu Ward			Wanaka Ward			Queenstown Lakes District		
	Occupied	Vacant	Total	Occupied	Vacant	Total	Occupied	Vacant	Total
QTC - Queenstown Centre	14.8	0.9	15.7				14.8	0.9	15.7
PC-50	0.5	13.6	14.1				0.5	13.6	14.1
Business Mixed Use Zone	12.8		12.8	6.0	2.3	8.3	18.8	2.3	21.1
WTC - Wanaka Town Centre				10.8	0.1	10.9	10.8	0.1	10.9
ATC - Arrowtown Town Centre	1.3		1.3				1.3		1.3
LSC - Fernhill	0.1		0.1				0.1		0.1
LSC - Sunshine Bay	0.2		0.2				0.2		0.2
LSC - Frankton	2.2	0.7	2.9				2.2	0.7	2.9
LSC - Hansen Rd		1.8	1.8					1.8	1.8
LSC - Cardona Valley Rd					2.7	2.7		2.7	2.7
LSC - Albert Town				1.2		1.2			
LSC - Lake Hawera				0.5	0.3	0.8			
Glenorchy Township	1.0	1.0	2.0				1.0	1.0	2.0
Luggate Township				1.0	0.3	1.3	1.0	0.3	1.3
Subtotal	32.9	18.0	50.9	19.5	5.7	25.2	50.7	23.4	74.1

Special Zones	Occupied	Vacant	Total	Occupied	Vacant	Total	Occupied	Vacant	Total
Frankton Flats	5.0	7.4	12.4				5.0	7.4	12.4
Remarkables Park	10.1	12.6	22.7				10.1	12.6	22.7
Three Parks					15.0	15.0		15.0	15.0
Jacks Point Zone (Jacks Point Village)	0.6	1.5	2.1				0.6	1.5	2.1
Jacks Point Zone (Homestead Bay Village)		2.1	2.1					2.1	2.1
Millbrook Resort Zone	0.5	0.5	1.0					0.5	0.5
Kingston Village		2.0	2.0					2.0	2.0
Mt Cardrona					2.7	2.7		2.7	2.7
Shotover Country		0.3	0.3					0.3	0.3
North Lake					1.6	1.6		1.6	1.6
Subtotal	16.2	26.4	42.6		19.3	19.3	15.7	45.7	61.4
Total	49.1	44.4	93.5	19.5	25.0	44.5	66.4	69.1	135.5

2.3 The Wakatipu Ward has a vacant retail and commercial zoned land area of 44.4ha, out of a total 93.5ha in the Wakatipu Ward. This amounts to 47% of the retail and commercial zoned land being vacant, compared to 50% (46.9ha) in my evidence in chief version of the table.

2.4 The above vacant land update flows through to Table 4 of my Evidence in Chief. In the table below (**Table 4**) I have updated the vacant land supply in Wakatipu to reflect the minor adjustment to Table 3. The only change being the vacant land supply in Wakatipu being 44.4ha (previously 46.9ha), and the Wakatipu Differential being -18.6ha (up from the -16.1ha in my Evidence in Chief).

**UPDATED Table 4: QUEENSTOWN LAKES DISTRICT
ADDITIONAL COMMERCIAL LAND REQUIREMENTS (2018-2048)**

Additional Land Requirements (ha)	Wakatipu Ward	Wanaka Ward	Queenstown Lakes District
Retail	28.5	11.4	39.9
Commercial Service	14.3	5.7	19.9
Commercial Office	12.0	5.5	17.5
NPS (15%)	8.2	3.4	11.6
Total	63.0	25.9	88.9
Vacant Land Supply	44.4	25.1	69.1
Differential	-18.6	-0.9	-19.8

2.5 In the context of the total retail and commercial zoned land area within the District, this update has no consequential effect on my findings in my evidence in chief, which was that the supply of retail and commercial zoned land within the Wakatipu Ward is sufficient for the next 20 years (to 2038), and it is not until the 20-30 year planning horizon (between 2038-2048) that the Wakatipu Ward may experience a shortfall and require additional land capacity for retail and commercial service activities. The land demand estimates included in Table 4 (in both my evidence in chief and above), include the NPS 'margin' as required in PC1 of the NPS. This is confirmed in paragraph 7.4 of my evidence in chief.

2.6 Demand for industrial and commercial office land is covered by Mr Osborne. My Table 4 adopts Mr Osborne's estimated commercial office land requirements and adds that to my estimated retail and

commercial service land requirements to determine total land requirements for commercial activities in the District. These raw figures do not include the NPS PC1 long term margin of 15%. I have then added the NPS PC1 long term margin of 15% as required under the NPS to estimate the total commercial land requirement to 2048.

3. FRANKTON NORTH

- 3.1 During the hearing I was asked by the Panel my views on additional retail and commercial activity locating out of centres. At the Panel's request in relation to a business zone at Frankton North, I understand Ms Banks has explored this further and has asked me to comment on the inclusion of either LSCZ or BMUZ zoning, in this area.
- 3.2 Referring to the map in **Appendix 1**, rezoning of the red land represents a large land area (6.85ha across both red areas). It is split into two separate components – the corner of Hansen Road and SH6, and a long linear block of land adjacent to SH6 opposite the 5-Mile Shopping Centre. These areas of rezoning are smaller in scale than what was sought by submitters.
- 3.3 These two land areas are additional to the LSCZ proposed for the 1 Hansen Road site (light pink in **Appendix 1**), which I addressed in evidence to the Business Hearing Stream Panel. In that evidence I recommended that the notified 1 Hansen Road LSCZ be reduced in size given the objectives of the zone and the lack of substantial surrounding residential market.
- 3.4 I understand that a LSCZ has not been specifically sought by the submitters for Frankton North, but is within the scope of the relief sought and is one of the potential commercial zone options within Stage 1 of the PDP. Based on the scale of the land involved (6.85ha) and the zone objectives as discussed in Stream 8 - Business, it is difficult to see how all this land in Frankton North could be commercially viable and sustainable as a LSCZ without having adverse impacts on other centres in the network and the integrity of the LSCZ, which is intended to provide for small scale convenience activities.

- 3.5** The alternative commercial zone option for this land is BMUZ, which is the primary relief sought by submitters, and was also pursued through the course of the hearing by the submitters. A BMUZ for the red areas in **Appendix 1**, in my view comes with some risk to the centre network. As I understand under the Reply version of the BMUZ chapter there are no scale limits for retail and office activity, and therefore could potentially result in a range of large format retail and large scale office activities establishing on the land given the highly accessible, central (to the Wakatipu market) and high profile location. This has the potential to undermine investment in the centre network and development of the vacant zoned capacity for such activities.
- 3.6** I appreciate there are other factors that need to be considered such as the Queenstown Airport outer control boundary (noise contour) and traffic that limit the options for what this land may be utilised for, and also that there is a predicted shortage of commercial land beginning to occur beyond 2038. However, at face value from an economic perspective both the BMUZ and LSCZ zone types have some commercial risk associated with them.
- 3.7** Pragmatically, of the two options I have been asked to consider, I favour the BMUZ, but with site specific rules that manage the development potential of retail and office activity on the Frankton Flats North land. Being opposite the 5-Mile Shopping Centre, any retail and office development on the Frankton North land would have the ability to function as part of a wider and integrated commercial destination.
- 3.8** If all the 6.85ha was to become BMUZ, in my view the BMUZ should contain a maximum commercial activity gross floor area (**GFA**) limit (retail, commercial services and professional offices) for the site. Complementing this should be an approach to minimise the opportunity for industrial activity on the site given it is an important gateway into Queenstown. In addition, the site is linear and the opportunity for clustering is perhaps not as great as other larger

industrial rezoning options available, ie. greater economic efficiency benefits could be generated elsewhere.

3.9 I believe the objectives and intention of LSCZ (as an alternative commercial option) would be undermined if applied to the Frankton North land given its extent.

3.10 I also confirm my answer that I gave orally at the hearing in response to a question from Commissioner Mountfort. Zoning additional commercial land now, for what is estimated demand in 30 years' time, is getting into the realms of speculation for retail activities. I also consider that such an approach risks undermining investment in the current business zones. I believe this view is supported by the NPS, in particular PA1, which does not require that 10-30 years of development capacity, be zoned in a district plan.

4. MCBRIDE STREET AND 1 HANSEN ROAD

4.1 I have also been asked to comment on the appropriateness of submissions 828 (Giddens) and 840 (Hansen) in relation to seeking LSCZ over the McBride Street block. In my evidence to the Business Hearing Stream Panel I supported a LSCZ at 1 Hansen Road, albeit at a reduced scale given the site's size, and as above I have supported a BMUZ on 6.85ha at Frankton North but with commercial GFA limitations. This is additional to the existing local shopping centre activity on Frankton Road. Cumulatively, these sites would service the market around the McBride Street block, including provision of capacity for office activity. Consequently, I do not support rezoning the McBride Street block to LSCZ as this would oversaturate the market for LSCZ.

4.2 If the 1 Hansen Road and Frankton North BMUZ were not part of the equation, then there would be more merit to enabling some additional LSCZ to the McBride Street block. I have not provided a detailed analysis of how much of the McBride Street block I would support being rezoned to LSCZ. However, I do not consider that the McBride Street block has any unique attributes that would justify special treatment of the residential zone to allow establishment of office

activity, especially when there is already provision for office activity in close proximity. In my view enabling office activity in the McBride Street block would undermine the zoned provision for office activities.

- 4.3** Cumulatively, my analysis shows that the 1 Hansen Road site and the Frankton North BMUZ site, in conjunction with the existing Frankton Corner centre, is more than sufficient to satisfy the local convenience shopping requirements of the market.



Timothy Heath

6 October 2017

APPENDIX 1
RECOMMENDATIONS IN MS BANKS' REPLY REGARDING FRANKTON NORTH

